

SENATE BILL REPORT

HB 1127

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, March 25, 2009

Title: An act relating to financial information.

Brief Description: Securing credit and debit card information.

Sponsors: Representatives Hurst and Hinkle.

Brief History: Passed House: 2/20/09, 94-0.

Committee Activity: Financial Institutions, Housing & Insurance: 3/17/09, 3/25/09 [DPA].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass as amended.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, McDermott, Parlette and Schoesler.

Staff: Diane Smith (786-7410)

Background: For automated financial transactions, only the last five digits of a credit card number may be printed on any receipt printed electronically that is given to the cardholder by the business accepting the credit card. The expiration date also may not be printed.

These restrictions do not apply when the only means of recording the credit card number is by imprint or handwriting.

In 2003 the federal Fair Credit Reporting Act (Act) (15 U.S.C. 1681, et seq) was modified to provide protections parallel to those in state law for the truncation of numbers on receipts provided to cardholders. The Act preempts state laws that conflict with the specific provisions regarding truncation of credit card or debit card numbers. The Act is silent on restrictions retained by businesses that accept credit cards or debit cards.

Provisions governing retail installment sales also address restrictions on electronically printed credit card receipts. They are parallel to those provisions for automated financial transactions as described above.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Recommended Amendments): For both automatic financial transactions and retail installment sales, "credit card" and "debit card" are defined identically.

Provisions that apply to credit card receipts are applied additionally to debit card receipts.

In addition to the receipt given to the cardholder, the receipt kept by the business may only include the last five digits of the card number and may not include the card's expiration date.

In the case of retail installment sales, there is an additional exclusion to the requirement to truncate card numbers and not include the expiration date of the card on the receipt. This exclusion applies in the case where the retail transaction is processed electronically but the retailer also takes additional manual measures to ensure the card is not being used fraudulently.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Amendments): Further clarification is made to the exclusion for retail installment sales transactions. The exclusion also applies when required by the retailer's contract with the credit or debit card processor.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: The best way to address identity theft is on the front end. Debit cards are much more dangerous because they are road maps to bank accounts and because it is much more difficult to get money back. Credit cards have limitations on the amount of loss that can be charged to the card holder. We see people with backpacks full of debit card receipts with all the numbers. These might as well be backpacks full of money. When credit or debit cards won't swipe, the retailer must enter the numbers by key strokes but is also required by the contract to make an imprint of the card for security purposes. Failure to do so results in the transaction being charged back to the retailer. Catalog and internet orders that are paid in advance but shipped to a store also require that the store copy of the delivery receipt have the card's imprint and the customer's signature to document the transaction.

Persons Testifying: PRO: Melinda Young, King County Prosecuting Attorney's Office; Mark Johnson, Washington Retail Association.